

SAN DIEGO COUNTY ECONOMIC FORECAST

San Diego County, the southern-most county in California, has a population that now exceeds 3.05 million people. There are 1.28 million wage and salary jobs located in the county, and the growth of labor markets has been positive though moderate. The per capita income in San Diego County is \$38,000, which is higher than the California state average.

Economic growth in Southern California has been strong during the decade, but was even more impressive during 2005. Over 21,000 jobs were created in San Diego County last year, representing a growth rate of 1.7 percent. The unemployment rate rose slightly to 4.3 percent last year, but this rate is still indicative of a tight labor market.

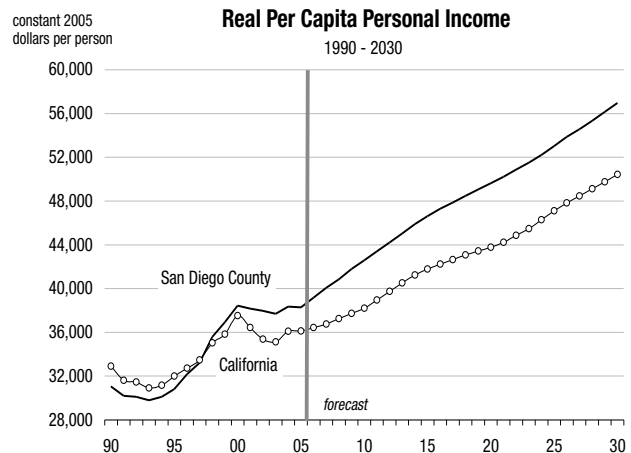
The principal employment clusters in San Diego County are defense contractors, computer and electronics manufacturing, healthcare services, and tourism. The U.S. Navy is the largest employer. The north county area is still growing faster than the City of San Diego or the south county areas, due to the greater production of housing between Carlsbad, Poway, and the northern county border.

The fastest growing cities include San Marcos, Carlsbad, and Chula Vista with population growth rates exceeding 3 percent between January 2005 and January 2006. San Diego is the largest city in the county, with over 1.3 million residents. The growth rate last year was 0.8 percent.

Employment and population will continue to grow at a healthy rate in San Diego County over the next five years. The northern end of the county is expected to dominate growth in the county, but population and residential development in the City of Chula Vista, located in the south, has recently accelerated and is also expected to grow rapidly over the forecast.

FORECAST HIGHLIGHTS

- Job growth averages 1.6 percent in 2006 and 2007. Over the next five years, the average annual growth rate is 1.7 percent per year.
- Average salaries adjusted for inflation are currently well above the California state average, and will remain so over the foreseeable future. Real average salaries rise an average of 1.4 percent per year over the next 5 years.
- The services sector remains the growth engine of jobs in San Diego County. Employment in professional and business services is expected to grow by over 3.0 percent per year for the next five years, and will be responsible for 30 percent of total job growth over that time period.

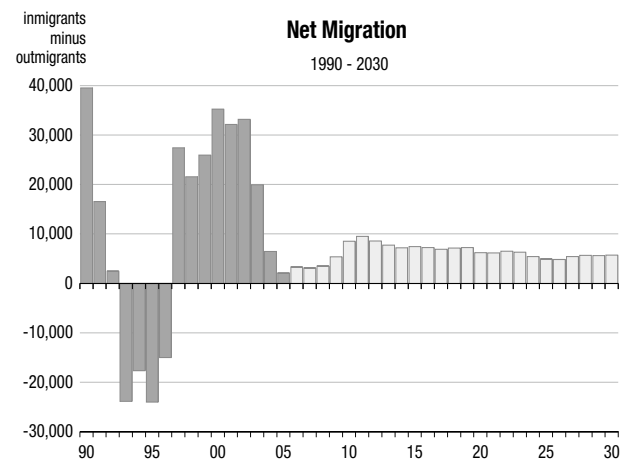
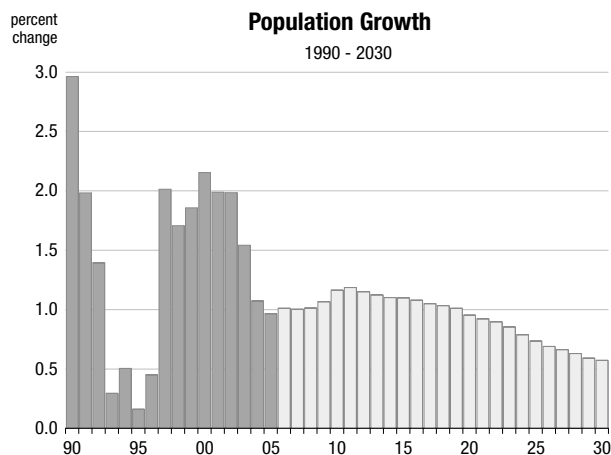


- The population will continue to grow in the county, but at a slower rate than it did from 1997 to 2003. Annual growth in the 2006 to 2010 period averages 1.1 percent per year, the same as 2004 to 2005.
- Net migration increases slightly in 2006 to 3,300 persons, but remains well below the average of net migration over the 1997 to 2003 period. In the near term, migration is expected to increase, but it will moderate over the longer forecast period.
- Real per capita incomes increase at a rate of 2.3 percent in 2006. An annual compound rate of growth of 2.2 percent is forecast over the next 5 years.
- Industrial production will increase by 3.4 percent in 2006. From 2006 to 2010, the growth rate of industrial production will average 2.2 percent per year.

San Diego County Economic Forecast

1997-2005 History, 2006-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	2,679,967	27,451	1.95	944.0	11,402	\$27.4	\$70.5	\$33,203	1.7	1437.3	12.9	4.2
1998	2,725,718	21,571	2.10	951.8	12,173	\$29.6	\$78.0	\$35,579	1.4	1465.7	14.4	3.5
1999	2,776,342	25,952	2.17	962.4	16,427	\$32.8	\$84.3	\$36,921	2.3	1510.0	15.5	3.1
2000	2,836,158	35,280	2.27	994.7	15,927	\$36.2	\$92.7	\$38,435	3.3	1475.9	17.0	3.0
2001	2,892,579	32,169	2.35	1,003.3	15,638	\$37.7	\$97.0	\$38,174	3.4	1468.0	14.4	3.2
2002	2,950,017	33,213	2.44	1,015.6	15,738	\$38.6	\$101.1	\$37,963	2.8	1436.8	14.6	4.3
2003	2,995,551	19,980	2.45	1,029.2	18,314	\$40.9	\$104.6	\$37,701	2.6	1458.7	15.1	4.2
2004	3,027,703	6,472	2.60	1,043.2	17,306	\$44.5	\$111.2	\$38,359	3.3	1527.4	16.3	3.9
2005	3,057,000	2,113	2.69	1,056.1	15,212	\$46.9	\$117.0	\$38,271	4.5	1492.9	16.8	4.3
2006	3,087,908	3,315	2.75	1,070.8	15,783	\$50.4	\$125.2	\$39,171	3.5	1502.8	17.2	4.6
2007	3,118,912	3,120	2.81	1,085.9	14,905	\$53.6	\$133.0	\$40,068	2.8	1523.1	17.5	4.7
2008	3,150,547	3,515	2.87	1,100.2	14,149	\$57.2	\$141.3	\$40,847	3.1	1527.2	17.7	4.8
2009	3,184,201	5,401	2.93	1,113.8	13,296	\$61.0	\$150.5	\$41,786	3.0	1538.7	18.1	4.6
2010	3,221,297	8,552	2.98	1,126.5	13,410	\$65.1	\$160.2	\$42,588	3.2	1559.0	18.4	4.3
2011	3,259,534	9,553	3.03	1,139.4	12,556	\$69.2	\$170.3	\$43,391	3.1	1574.9	19.1	4.2
2012	3,297,060	8,589	3.08	1,151.4	12,394	\$73.4	\$180.6	\$44,226	2.9	1582.6	19.8	4.2
2013	3,334,162	7,772	3.13	1,163.3	11,749	\$77.9	\$191.5	\$45,027	3.0	1593.0	20.6	4.3
2014	3,370,924	7,196	3.17	1,174.5	11,360	\$82.6	\$203.2	\$45,880	3.0	1596.3	21.4	4.4
2015	3,408,017	7,455	3.21	1,185.4	11,232	\$87.6	\$215.5	\$46,614	3.2	1601.7	22.1	4.4
2016	3,444,803	7,253	3.25	1,196.2	10,951	\$92.7	\$228.3	\$47,284	3.3	1609.1	22.8	4.4
2017	3,480,996	6,920	3.28	1,206.7	10,659	\$98.0	\$241.3	\$47,853	3.4	1608.5	23.4	4.4
2018	3,517,009	7,156	3.32	1,216.9	10,681	\$103.4	\$254.8	\$48,478	3.2	1614.8	24.2	4.4
2019	3,552,635	7,285	3.35	1,227.2	10,724	\$109.0	\$268.8	\$49,058	3.2	1622.6	25.0	4.3
2020	3,586,535	6,220	3.38	1,237.4	10,317	\$114.7	\$283.2	\$49,635	3.1	1630.3	25.6	4.3
2021	3,619,660	6,201	3.41	1,247.3	10,232	\$120.7	\$298.0	\$50,211	3.1	1628.7	26.2	4.2
2022	3,652,177	6,524	3.44	1,257.1	10,395	\$127.0	\$314.3	\$50,867	3.2	1632.6	26.3	4.2
2023	3,683,414	6,331	3.47	1,267.1	10,770	\$133.5	\$331.0	\$51,505	3.1	1632.9	26.3	4.1
2024	3,712,521	5,419	3.50	1,277.4	10,520	\$140.2	\$348.1	\$52,203	3.0	1644.0	25.8	4.2
2025	3,739,816	4,931	3.53	1,287.5	10,588	\$147.6	\$366.9	\$53,014	3.0	1655.4	25.2	4.3
2026	3,765,673	4,868	3.56	1,297.7	10,516	\$155.5	\$386.9	\$53,873	3.1	1667.2	25.1	4.4
2027	3,790,703	5,445	3.59	1,307.7	10,937	\$163.7	\$406.9	\$54,568	3.1	1677.2	25.0	4.4
2028	3,814,641	5,707	3.61	1,318.2	10,987	\$172.5	\$429.0	\$55,338	3.3	1679.8	25.2	4.4
2029	3,837,234	5,657	3.64	1,328.8	10,766	\$181.7	\$452.4	\$56,145	3.3	1687.0	25.4	4.5
2030	3,859,264	5,725	3.66	1,339.1	11,057	\$191.3	\$476.6	\$56,969	3.2	1692.3	25.4	4.5



San Diego County Employment Forecast

1997-2005 History, 2006-2030 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	1,065.1	10.80	51.9	117.1	28.8	158.9	62.3	155.2	30.6	102.9	116.2	192.0
1998	1,116.2	10.60	60.2	124.0	28.6	159.4	66.0	173.1	34.3	107.1	118.6	194.5
1999	1,164.0	11.20	67.0	122.9	29.2	165.0	70.4	185.0	36.2	112.2	124.4	199.3
2000	1,205.5	11.40	69.7	122.6	29.8	172.9	71.2	195.2	39.2	115.3	129.0	206.7
2001	1,229.8	11.36	75.1	119.0	32.0	177.1	72.0	198.2	38.8	116.0	131.4	213.8
2002	1,241.7	11.00	76.4	112.3	29.3	179.3	75.0	201.7	37.7	119.7	133.8	219.7
2003	1,251.3	11.16	80.2	105.3	27.3	182.4	79.9	201.2	36.9	121.8	140.7	217.3
2004	1,271.5	11.12	87.7	104.3	28.4	186.9	81.9	204.5	36.6	121.7	145.7	214.3
2005	1,292.5	10.69	91.4	104.2	28.5	190.6	83.2	209.8	37.3	122.8	150.2	214.8
2006	1,312.6	10.66	92.7	103.6	28.9	194.7	83.5	214.9	37.9	124.8	153.8	217.6
2007	1,333.2	10.62	93.5	103.7	29.0	198.4	84.6	221.4	38.4	126.4	157.3	219.5
2008	1,352.7	10.59	94.0	103.2	29.3	202.1	85.8	227.0	39.7	127.9	158.6	223.4
2009	1,377.0	10.55	94.4	103.2	29.6	206.2	87.0	235.1	41.3	129.6	159.3	229.0
2010	1,406.0	10.51	95.6	103.2	29.8	210.3	88.3	244.6	43.1	131.5	161.7	234.8
2011	1,434.0	10.47	96.2	103.9	30.0	214.4	89.4	255.6	44.8	133.3	163.0	239.6
2012	1,456.7	10.42	96.2	104.1	30.3	218.4	90.1	262.4	46.4	134.9	165.3	244.1
2013	1,476.9	10.38	95.8	104.1	30.6	222.4	91.0	268.8	47.8	136.7	166.7	248.2
2014	1,495.3	10.34	95.3	103.7	30.8	226.3	91.8	273.9	49.1	138.7	168.5	251.9
2015	1,513.9	10.30	95.3	103.2	31.1	230.1	92.9	278.7	50.1	140.9	170.5	255.7
2016	1,531.8	10.26	95.4	103.5	31.4	233.7	93.9	281.7	51.1	143.1	172.5	259.6
2017	1,548.6	10.23	95.4	103.5	31.7	237.2	94.7	284.7	52.1	145.2	174.4	263.6
2018	1,566.0	10.20	95.4	103.6	32.0	240.5	95.8	287.7	53.0	147.0	176.0	268.2
2019	1,583.9	10.16	95.4	103.6	32.4	243.9	96.7	290.7	53.9	148.5	178.6	273.3
2020	1,598.6	10.13	95.0	102.9	32.7	247.1	97.6	292.8	54.6	150.1	181.1	277.6
2021	1,614.5	10.10	94.6	103.1	33.0	250.4	98.5	294.9	55.3	151.7	183.8	281.8
2022	1,631.8	10.07	94.6	103.5	33.3	253.6	99.5	297.4	56.0	153.1	186.6	286.7
2023	1,648.0	10.05	94.6	103.9	33.6	256.7	100.5	299.7	56.7	154.3	189.1	291.4
2024	1,661.7	10.02	94.0	103.4	33.9	259.9	101.4	301.2	57.5	155.4	191.6	295.7
2025	1,674.6	9.99	93.3	103.3	34.4	263.3	102.3	302.6	58.5	156.4	193.8	299.3
2026	1,687.6	9.96	92.6	103.2	34.8	266.8	103.3	304.4	59.7	157.2	195.8	302.5
2027	1,702.4	9.93	92.5	103.5	35.3	270.1	104.2	306.3	61.0	157.9	199.0	305.8
2028	1,717.6	9.90	92.3	103.6	35.7	273.5	105.1	308.6	62.3	158.4	202.3	309.1
2029	1,732.6	9.87	92.1	103.7	36.0	276.8	106.0	310.7	63.5	158.8	206.1	312.3
2030	1,747.9	9.84	91.9	104.0	36.3	280.2	106.9	312.6	64.7	159.3	209.9	315.6

